

# WORKFORCE HORIZONS

## Planning Tomorrow's Workforce Today

Louisiana Department of Civil Service

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### *In This Issue:*

- ✓ *HR Metrics Important in Economic Bad Times – p.1*
- ✓ *Developing Applicant Ranking Procedures – p.2*
- ✓ *Beware of False Information on Job Applications – p. 3*

### **HR METRICS IMPORTANT IN ECONOMIC BAD TIMES**

According to Mary Schroeder, president and CEO of the American Society of Employers, the economic recession has made HR Metrics even more important to help employers make the right decisions in recruiting and hiring.<sup>1</sup>

The American Society of Employers has released the results of its 2009 survey on HR Metrics.

Some of the highlights are:

- The median HR Expense factor (cost of the HR function as a percentage of the organization's total expenses) is 1.1%

- Benefits average 20.6% of total compensation among those surveyed.
- The median time to fill jobs is 38 days (an increase of 10% over 2008)
- The cost per hire is \$799 (a decrease of 14% from 2008)

The last two figures are interesting because they suggest employers are using less expensive means to recruit and hire but spending more time doing it.

The American Society of Employers has developed a metrics toolkit with 12 metrics. It is designed for private sector employers so some metrics such as "Revenue per employee" and "Profit per employee" would not be applicable in the public sector. However the metrics listed below that are included in their toolkit could be applicable to the public sector

1. Human Resource Expense Factor (cost to the HR function as a percentage of the organization's total expenses)
2. Time to fill jobs
3. Absence rate
4. Turnover rate
5. Cost per hire
6. Turnover / replacement cost
7. Benefit costs as a percentage of total compensation

8. Variable compensation as a percentage of total compensation

<sup>1</sup>Shroeder, Mary, "Challenging Times Make HR Metrics More Important," *Michigan Business Review*, June 4, 2009

**WORKFORCE PLANNING MAXIM OF  
THE DAY**

*"Time is the scarcest resource and unless it is managed nothing else can be managed."*  
– Peter Drucker

**DEVELOPING APPLICANT RANKING  
PROCEDURES**

Employers have always had a need to rank applicants on their experience and education to determine the most qualified. Generally not every applicant who meets the minimum qualifications is referred for interview, and it is desirable to have the names that are referred scored or rank-ordered according to some preliminary evaluation of their qualifications. The current economic situation and the increasing use of online application processes has resulted in tremendous volume of applications for most vacancies creating an even greater need to screen them in an efficient and effective manner. The following general guidelines were developed by Darany and Associates.

To be effective, any applicant ranking procedure must satisfy these criteria:

Validity – Those who receive higher scores on the procedure should perform better on the job, on average, than those who receive lower scores.

Fairness – Each applicant should have the same opportunity to demonstrate his or her qualifications.

Defensibility – The procedure must meet legal guidelines and should be able to be explained and defended if a challenge arises.

Furthermore, a properly designed applicant ranking procedure should

- Be based on a job analysis.
- Assess important tasks or requirements needed at the time of hire.
- Be supported by reviewable documentation regarding its development.
- Provide equal applicant opportunity.
- Use a structured scoring procedure.
- Be reliable and valid.

With online application systems, applicant ranking procedures are generally built around supplemental questions of a multiple-choice or yes/no format to allow scoring without intensive review of each answer by a person as would be needed for open-ended text questions. However, there is a need to verify the information on the application and guard against falsification. Therefore one should ask questions that are verifiable and build the expectation that verification will be done. One way to do this is to follow up a series of multiple-choice questions by a text question instructing the applicant to provide specific employers, dates or more detail about experience or education claimed in the multiple-choice questions. One should also warn the applicant of the consequences of false reporting.

Finally, there are a few areas that should be avoided and not included in applicant ranking procedures because research has consistently shown they lack value in predicting job success.

***Do not include in an applicant ranking procedure***

- High school class rank
- Quality of the Educational Institution
- Recency of education and experience

Because of technological changes many employers may be tempted to want to consider recency of experience to ensure that knowledge is current. However, recency *per se* is not predictive of job success and is often age and gender discriminatory. There are better ways to ask specific supplemental questions to address knowledge of software, current regulations, etc, in a more demonstrably job-related way that is more predictive of job success.

**BEWARE OF FALSE INFORMATION ON JOB APPLICATIONS**

An estimated 30-40% of job applicants altered or fabricated information on their applications last year according to the Privacy Rights Clearinghouse. The economic downturn is likely to make this situation worse.

Applicants are even resorting to identity theft to obtain employment. According to Bill Morrow, CEO of CSIdentity, an identity theft protection company, "In dire situations, people will try anything and everything to obtain a job. If that means stealing an identity to conceal a criminal past or hide other indiscretions, people will do it."

Background and reference checks should always be done on persons selected for hire prior to hiring. Such checks can reveal instances where applicants have inflated or puffed up job responsibilities or even made up jobs and employers where they never worked.

However, even these standard background checks may fall short when dealing with identity theft cases since they assume the person providing the name, social security number, etc. is actually the person who has that name and social security number. This could be a lie. In some cases employers are incorporating additional checks against possible identity theft into their background and reference check process to address this problem.

***QUOTE OF THE DAY***

*"Whenever you find you are on the side of the majority, it is time to pause and reflect."*  
– Mark Twain

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Purpose: The purpose of the Workforce Horizons is to educate readers about workforce planning issues and best practices, inform them about upcoming Civil Service workshops and training related to workforce planning and to provide practical job aids to assist agencies with workforce planning.

Comments and submissions: We welcome questions about workforce planning and suggestions for improvements to the newsletter as well as submissions of articles about what your agency is doing in workforce planning. Questions and comments should be sent to the editor.

Current and Back Issues may be viewed by going to the workforce planning portal of the Civil Service web page at [www.civilservice.louisiana.gov](http://www.civilservice.louisiana.gov)